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**WHARF**

*Established 1886*

**THE WHARF (HOLDINGS) LIMITED**

*(Incorporated in Hong Kong  
with limited liability)*

Stock Code: 4



**WHARF**

*Established 1886*

**WHARF REAL ESTATE INVESTMENT  
COMPANY LIMITED**

*(Incorporated in the Cayman Islands  
with limited liability)*

Stock Code: 1997



**HARBOUR CENTRE DEVELOPMENT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 51

## **JOINT ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS – PROPERTY SERVICES**

WAC Group, Wharf Group, WREIC Group and HCDL Group own or hold various properties for purposes of development and/or investment in Hong Kong, Mainland China and Singapore. Each of WAC Group, Wharf Group, WREIC Group and HCDL Group, in its usual and ordinary course of business from time to time, provides or engages Property Services to/from other WAC Group Member(s).

On 16 December 2022, the New Master Property Services Agreement was entered into by and amongst WAC, Wharf, WREIC and HCDL for the purpose of, *inter alia*, regulating various continuing connected transactions relating to the provision of or engagement in Property Services amongst WAC Group Members for a fixed term of three years commencing on 1 January 2023 and expiring on 31 December 2025.

Wharf is a subsidiary of WAC, and WREIC is owned as to over 30% by WAC. From Wharf's perspective, WAC Group (excluding Wharf Group) and its associates including, *inter alia*, WREIC Group and HCDL Group are regarded as its connected persons under the Listing Rules. From WREIC's perspective, WAC Group and its associates including, *inter alia*, Wharf Group but excluding WREIC Group and HCDL Group, are regarded as its connected persons under the Listing Rules. From the perspective of HCDL which in turn is a subsidiary of WREIC, WREIC Group (excluding HCDL Group) and its associates are regarded as its connected persons under the Listing Rules.

Consequently, the New Master Property Services Agreement and the relevant transactions contemplated and/or governed thereunder constitute continuing connected transactions for each of Wharf, WREIC and HCDL under the Listing Rules. The entering into of the New Master Property Services Agreement, with the respective Annual Cap Amounts adopted accordingly, is subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for each of Wharf, WREIC and HCDL.

## INTRODUCTION

WAC Group, Wharf Group, WREIC Group and HCDL Group own or hold various properties for purposes of development and/or investment in Hong Kong, Mainland China and Singapore. Each of WAC Group, Wharf Group, WREIC Group and HCDL Group, in its usual and ordinary course of business from time to time, provides or engages Property Services to/from other WAC Group Member(s).

On 13 December 2019, the Existing Master Property Services Agreement was entered into by and amongst WAC, Wharf, WREIC and HCDL for a fixed term of three years commencing from 1 January 2020 and expiring on 31 December 2022. Details of the Existing Master Property Services Agreement and the relevant cap amounts were disclosed in the joint announcement issued by Wharf, WREIC and HCDL on 13 December 2019.

## NEW MASTER PROPERTY SERVICES AGREEMENT

In anticipation of the expiration of the Existing Master Property Services Agreement, the New Master Property Services Agreement was entered into by and amongst WAC, Wharf, WREIC and HCDL for the purpose of, *inter alia*, regulating various continuing connected transactions relating to the provision of or engagement in Property Services amongst WAC Group Members.

Major terms and conditions of the New Master Property Services Agreement are summarised as follows:

|                            |   |  |
|----------------------------|---|--|
| Signing Date               | : | 16 December 2022   |
| Parties                    | : | (1) WAC<br>(2) Wharf<br>(3) WREIC<br>(4) HCDL  |
| Term                       | : | A fixed term of three years commencing on 1 January 2023 and expiring on 31 December 2025, unless terminated earlier in accordance with the New Master Property Services Agreement.  |
| Scope of Property Services | : | All forms of property services comprising property project management services, property sales and marketing services, property management services, leasing agency services and/or any other property related services to certain development properties and/or investment properties owned or held by WAC Group Members. |

Annual Cap Amounts : Each of Wharf, WREIC and HCDL may in accordance with the requirements of the Listing Rules determine for itself such maximum annual aggregate amounts of Service Fees receivable and/or payable by its respective group members in respect of all Transactions which constitute its continuing connected transactions for the financial years ending 31 December 2023, 2024 and 2025 respectively.

In the event that for any year during the Term, any Annual Cap Amount(s) as adopted is/are being exceeded, the relevant parties (viz. Wharf and/or WREIC and/or HCDL) must take appropriate action to comply with the relevant requirements under the Listing Rules regarding the receipt and/or payment of any and all amounts in excess of the relevant Annual Cap Amount(s) as adopted by Wharf and/or WREIC and/or HCDL.

Individual Services Agreement(s) : During the Term, Individual Services Agreement(s) may be entered into between WAC Group Members, upon and subject to such terms and conditions as may be agreed, provided that:

- (1) each Individual Services Agreement is entered into in the ordinary and usual course of business;
- (2) the term of each Individual Services Agreement must be fixed and not exceed three years;
- (3) the remuneration under each Individual Services Agreement will on each occasion be negotiated and determined on an arm's length basis to ensure that the relevant pricing term is fair and reasonable in accordance with prevailing market conditions and on normal commercial terms; and
- (4) the terms and conditions of each Individual Services Agreement must be, from Wharf's perspective, no less favourable to the relevant Wharf Group Member(s) when compared with similar services available from/ provided to independent third parties; from WREIC's perspective, no less favourable to the relevant WREIC Group Member(s) when compared with similar services available from independent third parties; and from HCDL's perspective, no less favourable to the relevant HCDL Group Member(s) when compared with similar services available from independent third parties.

Pricing Policy : WAC Group generally adopts a standard package of Service Fees including:-

- (1) a project management fee which comprises a fee charged according to total construction costs for relevant property development, payable by stage payments in cash in arrears once every three months, and a fee charged according to

project costs for relevant renovation works, payable in full upon completion;

- (2) a sales and marketing fee charged according to actual sale value of any unit of the relevant property, payable by stage payments in cash in arrears once every three months;
- (3) a property management fee charged according to gross rents, payable on a monthly basis;
- (4) a building administration fee which comprises a fixed administration fee according to monthly operating expense actually incurred and/or additional manager fee according to the budgeted annual operating expenses relating to the particular investment property;
- (5) a work supervision fee charged on a sliding scale of the relevant contract sum of the work; and
- (6) a leasing agency fee charged according to the actual number of months of the lease tenancy or licence and the average monthly rent or licence fee.

In accordance with the procurement policy and procedures of WAC Group, the terms and conditions of each Individual Services Agreement including, *inter alia*, Service Fees and payment terms will be determined on the basis of commercial negotiations and, where applicable or appropriate, through a tendering/quotation procedure on an arm's length basis by reference to terms available to or from other third parties for similar services in the market.

Termination : The New Master Property Services Agreement is terminable, among others, by any one of the parties:

- (1) giving not less than two months' prior written notice to the other parties;
- (2) if any one of the other parties fails to rectify any breach of provisions of the New Master Property Services Agreement within 28 days from receipt of written notice from other parties;
- (3) if any one of the other parties commits a material breach of any provision of the New Master Property Services Agreement which is not capable of rectification; or
- (4) with immediate effect and without notice if any one of the other parties goes into liquidation, or has a receiver appointed over all or any material part of its assets, or becomes subject to any insolvency proceedings.

## HISTORICAL AMOUNTS

Historical amounts of Services Fees in respect of the Transactions during the financial years ended 31 December 2020, 31 December 2021 and the period of ten months ended 31 October 2022 respectively were as follows:

|   | Financial year ended<br>31 December 2020<br>(HK\$ million) | Financial year ended<br>31 December 2021<br>(HK\$ million) | Ten months ended<br>31 October 2022<br>(HK\$ million) |
|---|--|--|---|
| Service Fees received by<br>Wharf Group                       | 61   | 9  | 9   |
| Service Fees paid by<br>Wharf Group                           | 93   | 153  | 74  |
| Service Fees paid by<br>WREIC Group<br>(including HCDL Group) | 76   | 24   | 26  |
| Service Fees paid by<br>HCDL Group                            | 67   | 5  | 4   |

## ANNUAL CAP AMOUNTS

Each of Wharf, WREIC and HCDL has adopted the respective Annual Cap Amounts of Service Fees receivable and/or payable by itself in respect of the Transactions as follows:

|  | Financial year ending<br>31 December 2023<br>(HK\$ million) | Financial year ending<br>31 December 2024<br>(HK\$ million) | Financial year ending<br>31 December 2025<br>(HK\$ million) |
|--|---|---|---|
| Wharf Service Fees<br>Receivable Cap                           | 59  | Nil   | Nil   |
| Wharf Service Fees<br>Payable Cap                              | 166   | 194   | 220   |
| WREIC Service Fees<br>Payable Cap<br>(including HCDL<br>Group) | 79  | 17  | 17  |
| HCDL Service Fees<br>Payable Cap                               | 10  | 10  | 10  |

Such Annual Cap Amounts are arrived at on the basis of and by reference to, *inter alia*:

- (1) the expected aggregate construction costs, sale values and gross rents etc. of the relevant properties and/or property projects to be received/incurred by each of Wharf Group, WREIC Group and HCDL Group;

- (2) the possible change of property market conditions during the Term;
- (3) the possible entering into of further Individual Services Agreement(s) during the Term;
- (4) the anticipated completion of property projects owned by Wharf during the Term;
- (5) the scheduled expiry of Individual Services Agreements for property projects owned by HCDL due to their final completion by end of December 2023 and absence of new projects for HCDL Group; and
- (6) taking into account a suitable and adequate buffer on the estimated Services Fees as prudent contingency in case of events such as adjustments to business plans, cost overruns and inflation.

The difference in the Annual Cap Amounts for 2023, 2024 and 2025, as compared to the historical amounts of Services Fees for 2022, is mainly due to the larger size for the anticipated completion of property projects and expiry of Individual Services Agreements for property projects owned by HCDL as mentioned above.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

For Wharf, the provision of Property Services to other WAC Group Member(s) will generate stable income and can further advance the business growth of Wharf Group, which is considered beneficial to Wharf Group.

For Wharf, WREIC and HCDL, the engagement of other WAC Group Member(s) to provide Property Services from time to time would enable their group members to benefit from the brand, experience and resources of relevant WAC Group Member(s) in property businesses in the relevant markets.

The Transactions are expected to be of a recurrent nature and may occur on a regular and continuing basis in the ordinary and usual course of business of Wharf Group, WREIC Group and HCDL Group. Individual Service Agreements may be negotiated or contemplated between WAC Group Members from time to time. It is in the interests of Wharf, WREIC and HCDL to enter into the New Master Property Services Agreement with the respective Annual Cap Amounts adopted accordingly, which shall provide a common framework in compliance with the Listing Rules for the purpose of administrative convenience to regulate, *inter alia*, the Individual Services Agreements and the relevant transactions contemplated thereunder.

## **REGULATORY ASPECTS**

Wharf is a subsidiary of WAC, and WREIC is owned as to over 30% by WAC. Furthermore, HCDL is a listed subsidiary of WREIC. Consequently, the New Master Property Services Agreement and the relevant transactions contemplated and/or governed thereunder constitute continuing connected transactions for each of Wharf, WREIC and HCDL under the Listing Rules.

### **(1) In respect of Wharf**

As WAC is a substantial shareholder of Wharf, WAC Group (excluding Wharf Group) and its associates including, *inter alia*, WREIC Group and HCDL Group are regarded as connected persons of Wharf under the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of Wharf Annual Cap Amount as adopted for the Transactions under the New Master Property

Services Agreement are greater than 0.1% while all such ratios are below 5%, the New Master Property Services Agreement (with Wharf Annual Cap Amount as adopted) is subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **(2) In respect of WREIC**

As WAC is a substantial shareholder of WREIC, WAC Group and its associates including, *inter alia*, Wharf Group but excluding WREIC Group and HCDL Group, are regarded as connected persons of WREIC under the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of WREIC Annual Cap Amount as adopted for the Transactions under the New Master Property Services Agreement are greater than 0.1% while all such ratios are below 5%, the New Master Property Services Agreement (with WREIC Annual Cap Amount as adopted) is subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **(3) In respect of HCDL**

As WREIC is a substantial shareholder of HCDL, WREIC Group (excluding HCDL Group) and its associates are regarded as connected persons of HCDL under the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of HCDL Annual Cap Amount as adopted for the Transactions under the New Master Property Services Agreement are greater than 0.1% while all such ratios are below 5%, the New Master Property Services Agreement (with HCDL Annual Cap Amount as adopted) is subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

For Wharf, its Board (including independent non-executive directors) is of the view that the terms of the New Master Property Services Agreement as well as Wharf Annual Cap Amount as adopted accordingly are fair and reasonable, on normal commercial terms with reference to the prevailing market conditions, entered into in the ordinary and usual course of business of Wharf Group, and in the interests of Wharf and its shareholders as a whole.

For WREIC, its Board (including independent non-executive directors) is of the view that the terms of the New Master Property Services Agreement as well as WREIC Annual Cap Amount as adopted accordingly are fair and reasonable, on normal commercial terms with reference to the prevailing market conditions, entered into in the ordinary and usual course of business of WREIC Group, and in the interests of WREIC and its shareholders as a whole.

For HCDL, its Board (including independent non-executive directors) is of the view that the terms of the New Master Property Services Agreement as well as HCDL Annual Cap Amount as adopted accordingly are fair and reasonable, on normal commercial terms with reference to the prevailing market conditions, entered into in the ordinary and usual course of business of HCDL Group, and in the interests of HCDL and its shareholders as a whole.

None of the directors of Wharf, WREIC and HCDL had a material interest in the New Master Property Services Agreement and the transactions contemplated thereunder which would require him/her to abstain from voting on the respective board resolutions.

The principal business activities of Wharf Group are investment properties and development properties in Hong Kong and Mainland China, hotels ownership and management, logistics and investment.

The principal business activities of WREIC Group are development, ownership and operation of properties and hotels in Hong Kong for investment purposes.

The principal business activities of HCDL Group are ownership of hotels, investment properties, investments, as well as development properties for which an orderly exit is in progress.

*As at the date of this announcement, the Board of Wharf comprises Mr. Stephen T. H. Ng, Mr. Paul Y. C. Tsui, Ms. Y. T. Leng, Mr. Kevin K. P. Chan and Mr. Kevin C. Y. Hui, together with seven independent non-executive directors, namely, Professor Edward K. Y. Chen, Mr. Vincent K. Fang, Mr. Hans Michael Jebsen, Ms. Elizabeth Law, Mr. Richard Y. S. Tang, Ms. Nancy S. L. Tse and Mr. David Muir Turnbull.*

*As at the date of this announcement, the Board of WREIC comprises Mr. Stephen T. H. Ng, Mr. Paul Y. C. Tsui, Ms. Y. T. Leng and Mr. Horace W. C. Lee, together with eight independent non-executive directors, namely, Mr. Alexander S. K. Au, Mr. Tak Hay Chau, Ms. Lai Yuen Chiang, Hon. Andrew K. Y. Leung, Mr. Desmond L. P. Liu, Mr. R. Gareth Williams, Dr. Glenn S. Yee and Professor E. K. Yeoh.*

*As at the date of this announcement, the Board of HCDL comprises Mr. Stephen T. H. Ng, Hon. Frankie C. M. Yick and Mr. Peter Z. K. Pao, together with five independent non-executive directors, namely, Mr. David T. C. Lie-A-Cheong, Mr. Roger K. H. Luk, Mr. Michael T. P. Sze, Mr. Brian S. K. Tang and Mr. Ivan T. L. Ting.*

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

|   |   |
|---|---|
| “Annual Cap Amount(s)”                        | such maximum annual aggregate amount of Service Fees receivable and/or payable during a financial year  |
| “associate(s)”                                | has the meaning ascribed to it under the Listing Rules  |
| “Board”                                       | board of directors  |
| “Existing Master Property Services Agreement” | the master property services agreement dated 13 December 2019 entered into by and amongst WAC, Wharf, WREIC and HCDL for the purpose of, <i>inter alia</i> , regulating various continuing connected transactions relating to the provision of or engagement in Property Services amongst WAC Group Members for a fixed term of three years from 1 January 2020 to 31 December 2022 |

|  |   |
|--|---|
| “HCDL”                                   | Harbour Centre Development Limited (stock code: 51), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange   |
| “HCDL Annual Cap Amount”                 | the annual amount of HCDL Services Fees Payable Cap   |
| “HCDL Group”                             | HCDL together with its subsidiaries   |
| “HCDL Group Member(s)”                   | HCDL and its subsidiaries from time to time or any one of them  |
| “HCDL Services Fees Payable Cap”         | Annual Cap Amount as adopted by HCDL in respect of Services Fees payable for each financial year ending 31 December 2023, 2024 and 2025 respectively and tabulated under the section headed “Annual Cap Amounts”  |
| “Hong Kong”                              | the Hong Kong Special Administrative Region of the PRC  |
| “Individual Services Agreement(s)”       | individual property services agreement(s) entered into by and amongst WAC Group Members from time to time in respect of the provision of or engagement in Property Services   |
| “Listing Rules”                          | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “New Master Property Services Agreement” | the master property services agreement dated 16 December 2022 entered into by and amongst WAC, Wharf, WREIC and HCDL for the purpose of, <i>inter alia</i> , regulating various continuing connected transactions relating to the provision of or engagement in Property Services amongst WAC Group Members for a fixed term of three years from 1 January 2023 to 31 December 2025 |
| “PRC” or “Mainland China”                | the People’s Republic of China  |
| “Property Services”                      | property project management services, property sales and marketing services, property management services, leasing agency services and/or any other property related services   |
| “Service Fees”                           | remunerations for provision of Property Services by WAC Group Member(s) under Individual Services Agreement(s)  |
| “Stock Exchange”                         | The Stock Exchange of Hong Kong Limited   |
| “Term”                                   | has the meaning as mentioned in the section headed “New Master Property Services Agreement” in this announcement  |
| “Transactions”                           | all subsisting Individual Services Agreements and the relevant transactions contemplated thereunder which constitute continuing connected transactions under the Listing Rules for Wharf, WREIC and/or HCDL, where the context is applicable  |

|                                      |   |
|--------------------------------------|---|
| “WAC”                                | Wheelock and Company Limited, a company incorporated in Hong Kong with limited liability  |
| “WAC Group”                          | WAC together with its subsidiaries, unless excluded to the extent as indicated  |
| “WAC Group Member(s)”                | WAC together with its subsidiaries and associates from time to time or any one of them including, <i>inter alia</i> , Wharf Group Members, WREIC Group Members and HCDL Group Members, unless excluded to the extent as indicated |
| “Wharf”                              | The Wharf (Holdings) Limited (stock code: 4), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange  |
| “Wharf Annual Cap Amount”            | the annual amounts of Wharf Services Fees Payable Cap and Wharf Services Fees Receivable Cap  |
| “Wharf Group”                        | Wharf together with its subsidiaries  |
| “Wharf Group Member(s)”              | Wharf and its subsidiaries from time to time or any one of them   |
| “Wharf Services Fees Payable Cap”    | Annual Cap Amount as adopted by Wharf in respect of Services Fees payable for each financial year ending 31 December 2023, 2024 and 2025 respectively and tabulated under the section headed “Annual Cap Amounts”                 |
| “Wharf Services Fees Receivable Cap” | Annual Cap Amount as adopted by Wharf in respect of Services Fees receivable for each financial year ending 31 December 2023, 2024 and 2025 respectively and tabulated under the section headed “Annual Cap Amounts”              |
| “WREIC”                              | Wharf Real Estate Investment Company Limited (stock code: 1997), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange  |
| “WREIC Annual Cap Amount”            | the annual amount of WREIC Services Fees Payable Cap  |
| “WREIC Group”                        | WREIC together with its subsidiaries including, <i>inter alia</i> , HCDL Group, unless excluded as indicated  |
| “WREIC Group Member(s)”              | WREIC and its subsidiaries from time to time or any one of them including, <i>inter alia</i> , HCDL Group, unless excluded as indicated   |

“WREIC Services Fees Payable Cap”      Annual Cap Amount as adopted by WREIC in respect of Services Fees payable for each financial year ending 31 December 2023, 2024 and 2025 respectively and tabulated under the section headed “Annual Cap Amounts”

By Order of the Board  
**The Wharf (Holdings) Limited**  
**Kevin C. Y. Hui**  
*Director and Company Secretary*

By Order of the Board  
**Wharf Real Estate Investment Company Limited**  
**Kevin C. Y. Hui**  
*Company Secretary*

By Order of the Board  
**Harbour Centre Development Limited**  
**Grace L. C. Ho**  
*Company Secretary*

Hong Kong, 16 December 2022